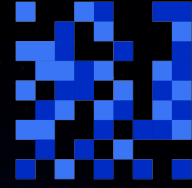


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BAYANAT



BAYANAT AI PLC

**Review report and condensed consolidated
interim financial
information for the nine months
ended 30 September 2023**



**Review report and condensed consolidated interim financial information
for the nine months ended 30 September 2023**

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION TO THE SHAREHOLDERS OF BAYANAT AI PLC

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Bayanat AI PLC (the "Company") and its subsidiaries (together referred to as the "Group") as at 30 September 2023, and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the nine months then ended, and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard 34 'Interim Financial Reporting' ('IAS 34'). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Deloitte & Touche (M.E.) LLP



Monah Adnan Abou-Zaki
Partner
7 November 2023
Abu Dhabi

**Condensed consolidated statement of financial position
as at 30 September 2023**

		30 September 2023 AED (unaudited)	31 December 2022 AED (audited)
	Notes		
ASSETS			
Non-current assets			
Property and equipment	5	118,543,006	21,181,045
Intangible assets	6	1,832,563	1,357,344
Total non-current assets		120,375,569	22,538,389
Current assets			
Contract assets	8	556,895,990	272,269,545
Trade and other receivables	10	22,089,171	3,599,492
Due from related parties	11	193,475,117	348,270,556
Contract costs	9	5,105,992	539,650
Refundable deposits	7	24,828,420	24,828,420
Cash and bank balances	12	581,133,813	819,518,920
Total current assets		1,383,528,503	1,469,026,583
Total assets		1,503,904,072	1,491,564,972
EQUITY			
Share capital	13	257,142,857	257,142,857
Share premium	13	566,808,172	566,808,172
Other reserves		30,412,193	21,369,678
Retained earnings		336,026,268	236,360,943
Total equity		1,190,389,490	1,081,681,650
LIABILITIES			
Non-current liability			
Employees' end of service benefits		7,262,796	5,693,215
Current liabilities			
Trade and other payables	15	251,004,270	310,836,500
Due to related parties	11	55,247,516	34,270,193
Loans from related parties	11	-	59,083,414
Total current liabilities		306,251,786	404,190,107
Total liabilities		313,514,582	409,883,322
Total equity and liabilities		1,503,904,072	1,491,564,972


Hasan Ahmed Al Hosani
Managing Director


H.E. Tareq Abdul Raheem Al Hosani
Board of Directors - Chairman


Renyl Rauf
Chief Financial Officer

The accompanying notes form an integral part of this condensed consolidated interim financial information.

**Condensed consolidated statement of profit or loss and other comprehensive income
for the nine months ended 30 September 2023**

	Notes	Three-months period ended 30 September		Nine-months period ended 30 September	
		2023 AED (unaudited)	2022 AED (unaudited)	2023 AED (unaudited)	2022 AED (unaudited)
Revenue	16	279,757,277	258,769,280	511,310,581	490,554,988
Direct costs		(213,150,096)	(190,275,405)	(313,139,421)	(264,662,382)
Gross profit		66,607,181	68,493,875	198,171,160	225,892,606
General and administrative expenses		(39,008,160)	(23,374,344)	(111,157,134)	(68,468,817)
Impairment gain/(loss), net of reversals, on financial assets and contract assets	8, 10, 11	-	(4,847,746)	429,286	(8,859,954)
Finance expenses		(1,222,989)	(964,044)	(2,629,477)	(1,995,150)
Finance income	12	-	-	13,085,741	-
Income from Wakala deposits	12	7,066,847	-	9,037,718	-
Other income		340,130	356,951	823,856	356,951
Profit for the period		33,783,009	39,664,692	107,761,150	146,925,636
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		33,783,009	39,664,692	107,761,150	146,925,636
Earnings per share	19	0.01	0.02	0.04	0.07

The accompanying notes form an integral part of this condensed consolidated interim financial information.

**Condensed consolidated statement of changes in equity
for the nine months ended 30 September 2023**

	Share capital AED	Shareholder's current account (debit) AED	Share premium AED	Additional capital AED	Shareholder's contribution AED	Other reserves AED	Retained earnings AED	Total equity AED
At 1 January 2022 (audited)	3,000,000	-	-	197,000,000	-	1,500,000	53,938,277	255,438,277
Total comprehensive income for the period	-	-	-	-	-	-	146,925,636	146,925,636
Shareholder's contribution (refer note 3)	(3,000,000)	-	-	(197,000,000)	200,000,000	-	-	-
Increase in share capital (note 14)	183,625	(183,625)	-	-	-	-	-	-
At 30 September 2022 (unaudited)	183,625	(183,625)	-	-	200,000,000	1,500,000	200,863,913	402,363,913
At 1 January 2023 (audited)	257,142,857	-	566,808,172	-	-	21,369,678	236,360,943	1,081,681,650
Total comprehensive income for the period	-	-	-	-	-	-	107,761,150	107,761,150
Increase in statutory reserve of a subsidiary	-	-	-	-	-	9,042,515	(9,042,515)	-
Waiver of related party interest payable (note 11)	-	-	-	-	-	-	946,690	946,690
At 30 September 2023 (unaudited)	257,142,857	-	566,808,172	-	-	30,412,193	336,026,268	1,190,389,490

The accompanying notes form an integral part of this condensed consolidated interim financial information.

**Condensed consolidated statement of cash flows
for the nine months ended 30 September 2023**

		Nine months ended 30 September	
		2023	2022
		AED	AED
		(unaudited)	(unaudited)
Notes			
Cash flows from operating activities			
		107,761,150	146,925,636
<i>Profit for the period</i>			
<i>Adjustments for:</i>			
	5	8,136,050	8,243,859
	6	580,688	300,487
		2,629,477	1,995,150
	12	(13,085,741)	-
	12	(9,037,718)	-
	8, 10, 11	(429,286)	8,859,954
		2,325,189	1,837,699
	5	6,341	-
Operating cash flows before movements in working capital		98,886,150	168,162,785
Increase in trade and other receivables		(20,101,211)	(7,088,589)
Increase in contract assets		(284,442,301)	(158,092,894)
(Increase)/decrease in contract cost		(4,566,342)	12,434,868
Decrease in refundable deposits		-	1,642,709
Decrease/(increase) in due from related parties		105,083,459	(230,194,892)
(Decrease)/increase in trade and other payables		(59,832,230)	230,095,367
Increase in due to related parties		20,977,323	10,764,305
Cash (used in)/generated from operating activities		(143,995,152)	27,723,659
Employees' end of service benefits paid		(755,608)	(615,542)
Finance cost paid		(2,502,480)	(226,393)
Net cash (used in)/generated from operating activities		(147,253,240)	26,881,724
Cash flows from investing activities			
	5	(105,506,325)	(8,728,904)
	6	(1,055,907)	(361,272)
		7,529,347	-
		16,611,559	-
		1,973	-
Net cash used in investing activities		(82,419,353)	(9,090,176)
Cash flows from financing activities			
	11	-	40,213,875
	11	(8,580,939)	-
	11	(131,575)	-
		500,000,000	-
Net cash generated from financing activities		491,287,486	40,213,875
Net increase in cash and cash equivalents		261,614,893	58,005,423
Cash and cash equivalents at 1 January		319,518,920	56,773,109
	12	581,133,813	114,778,532
Non-cash transactions:			
Loans from related parties set-off against due from related parties		49,551,207	37,692,759
Waiver of related party interest payable		946,690	-

The accompanying notes form an integral part of this condensed consolidated interim financial information.

**Notes to the condensed consolidated interim financial information
for the nine months ended 30 September 2023**

1 Legal status and principal activities

Bayanat AI PLC (the “Company”) is registered in Abu Dhabi Global Market (ADGM) under license number 000008474 as a Public Company Limited by Shares. The Company was incorporated on 28 September 2022 (the “inception date”). The registered address of the Company is Al Sarab Tower, ADGM Square, Al Maryah Island, Abu Dhabi, United Arab Emirates. The Company and its subsidiaries are collectively referred to as the Group (the “Group”).

The principal activity of the Company is to act as a holding company for the entity within the Group. The principal activities of the subsidiaries are data classification & analysis services, technological projects management, innovation & artificial intelligence research & consultancies, data collection from one or more sources, data storing and recovering, computer devices and equipment domain consultancy, air photography, survey planning, air photography and information management systems engineering consultancy, work measurement and space, information technology network services, marine survey engineering consultancy, maps and drawings copying services, typing and documents photocopying services, computer systems and software designing, geographical maps drawing, book publication, maps and atlas printing, onshore and offshore oil and gas fields and facilities services, unmanned aerial vehicle (drone) services and research and experimental development on natural sciences and engineering, proprietary investments, airplanes manufacturing and aircrafts parts and accessories manufacturing.

For the periods prior to the formation of the Company, the financial statements represent the financial statements of Bayanat GIQ PJSC (a subsidiary) (formerly Bayanat for Mapping & Surveying Services – Bayanat PJSC) using the carrying value of the assets and the liabilities (note 3).

The Company’s ordinary shares are listed on the Abu Dhabi Stock Exchange (ADX) as from 31 October 2022.

2 Application of new and revised International Financial Reporting Standards (“IFRSs”)

2.1 New and revised IFRSs applied with no material effect on the condensed consolidated interim financial information

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those followed in the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2022, and the notes attached thereto, except for the adoption of certain new and revised standards, that became effective in the current period as set out below.

- IFRS 17 Insurance Contracts
- Amendments to IFRS 17 Insurance Contracts (Amendments to IFRS 17 and IFRS 4)
- Amendments to IAS 1 Presentation of Consolidated financial statements: Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies
- Amendments to IAS 8 – Definition of Accounting Estimates
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)

The application of these new standards and amendments to IFRSs has not had any material impact on the amounts reported in this condensed consolidated interim financial information but may affect the accounting for the Group’s future transactions or arrangements.

**Notes to the condensed consolidated interim financial information
for the nine months ended 30 September 2023 (continued)**

**2 Application of new and revised International Financial Reporting Standards (“IFRSs”)
(continued)**

2.2 New and revised IFRSs in issue but not yet effective and not early adopted

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective.

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
IFRS S 1 <i>General Requirements for Disclosure of Sustainability-related Financial Information</i>	1 January 2024*
IFRS S 2 <i>Climate-related Disclosures</i>	1 January 2024*
Amendments to IFRS 16 <i>Leases</i> on lease liability in a sale and leaseback	1 January 2024
Amendments to IAS 1 <i>Presentation of Financial Statements</i> on non-current liabilities with covenants	1 January 2024
Amendments to IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i> on Lack of Exchangeability	1 January 2025
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date not yet decided.

*Subject to adoption by the local jurisdiction, both Standards are effective for annual periods beginning on or after 1 January 2024, with substantial transitional reliefs to allow preparers more time to align reporting of sustainability related financial disclosures and financial statements.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group’s condensed consolidated interim financial information as and when they are applicable and adoption of these new standards and amendments may have no material impact on the condensed consolidated interim financial information of the Group in the period of initial application.

3 Summary of significant accounting policies and estimates

Statement of compliance

These condensed consolidated interim financial information for the nine months ended 30 September 2023 have been prepared in accordance with IAS 34 *Interim Financial Reporting* and applicable requirements of Abu Dhabi Global Market (“ADGM”) Companies Regulations 2020 (as amended), and Companies Regulations (International Accounting Standards) Rules 2015.

**Notes to the condensed consolidated interim financial information
for the nine months ended 30 September 2023 (continued)**

3 Summary of significant accounting policies and estimates (continued)

Basis of preparation

The condensed consolidated interim financial information does not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2022. In addition, results for the nine months ended 30 September 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

This condensed consolidated interim financial information is presented in United Arab Emirates Dirhams (“AED”), which is the Group’s functional and presentational currency.

On 29 September 2022, the Company entered into a Sale Agreement (the “Agreement”) with Group 42 Holding Ltd (the “Shareholder”) for the transfer of shares of Bayanat For Mapping and Surveying Services – Bayanat PJSC (the “subsidiary”) that is beneficially owned and controlled by the Shareholder. As per the agreement, the Shareholder has transferred the entire economic interest in the subsidiary to the Company.

The aforementioned transfer of shares to the Company is a common control transaction as the subsidiary will continue to be controlled by the Ultimate Shareholder before and after the reorganization. Therefore, this reorganization is considered to be outside the scope of IFRS 3 Business Combinations. The Company has applied the pooling of interest method of accounting for the reorganization.

The basic principal of accounting for business combinations under common control using the pooling of interest method is that the reorganization is without economic substance from the perspective of the controlling party and the combining parties are presented as if they had always been combined. To this effect, the Company accounts for the transaction from the beginning of the period in which the combination occurs, irrespective of its actual date and presents the comparatives to include all combining entities.

The concept of pooling of interest is generally based on the premise of a continuation of the combining entities. Consequently, the pre-combination equity composition and history associated with the assets and liabilities would be carried forward upon the combination. In the comparatives of the condensed consolidated interim financial information of the Group for the nine months ended 30 September 2023:

- the share capital of the subsidiary being combined is reflected as ‘shareholder’s contribution’;
- the retained earnings of the subsidiary being combined is reflected under ‘retained earnings’; and
- the statutory reserves of the subsidiary being combined is reflected under ‘other reserves’.

**Notes to the condensed consolidated interim financial information
for the nine months ended 30 September 2023 (continued)**

3 Summary of significant accounting policies and estimates (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial position and performance of the Company and its subsidiaries. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interest's proportionate share of the fair value of the acquiree's identifiable net assets.

The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity.

**Notes to the condensed consolidated interim financial information
for the nine months ended 30 September 2023 (continued)**

3 Summary of significant accounting policies and estimates (continued)

Basis of consolidation (continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interest even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Group Structure

The condensed consolidated interim financial information incorporates the financial position and performance of the Company and its subsidiaries as disclosed below:

Name of subsidiaries	Ownership interest		Country of incorporation	Principal activities
	30 September 2023	31 December 2022		
Bayanat GIQ PJSC (formerly Bayanat for Mapping & Surveying Services – Bayanat PJSC)	100%	100%	UAE	Refer note 1
Mira Aerospace Ltd (a)	100%	-	UAE	Refer note 1
Bayanat Investments Ltd (b)	100%	-	UAE	Refer note 1
Mira Aerospace Manufacturing – Sole Proprietorship L.L.C. (c)	100%	-	UAE	Refer note 1

**Notes to the condensed consolidated interim financial information
for the nine months ended 30 September 2023 (continued)**

3 Summary of significant accounting policies and estimates (continued)

Basis of consolidation (continued)

Group Structure (continued)

- (a) Bayanat AI PLC has incorporated Mira Aerospace Ltd on 16 January 2023 as a fully owned subsidiary of Bayanat AI PLC. Mira Aerospace Ltd is registered in Abu Dhabi Global Market (ADGM) under license number 000009112 as a Private Company Limited by Shares. The principal activity of Mira Aerospace Ltd is unmanned aerial vehicle (drone) services and research and experimental development on natural sciences and engineering.
- (b) On 17 January 2023 Bayanat AI PLC has incorporated a fully owned subsidiary Bayanat Investments Ltd registered in Abu Dhabi Global Market (ADGM) under license number 000009117 as a Private Company Limited by Shares. The principal activity of Bayanat Investments Ltd is proprietary investment.
- (c) On 19 June 2023 Mira Aerospace Ltd has incorporated a fully owned subsidiary Mira Aerospace Manufacturing registered under industrial license number IN-2005665 as a Sole Proprietorship L.L.C. The principal activity of Mira Aerospace Manufacturing are airplanes manufacturing and aircrafts parts and accessories manufacturing.

4 Critical judgements and key sources of estimation uncertainty

The preparation of the condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the Group's annual consolidated financial statements for the year ended 31 December 2022.

**Notes to the condensed consolidated interim financial information
for the nine months ended 30 September 2023 (continued)**

5 Property and equipment

During the nine months ended 30 September 2023, additions of AED 105,506,325 (31 December 2022: AED 9,456,606) include advances paid for development of low earth orbit (LEO) and high-altitude pseudo satellites (HAPS) amounting to AED 97,965,985. Depreciation expense during the period amounted to AED 8,136,050 (31 December 2022: AED 10,585,934). Disposal of property and equipment during the period amounted to AED 8,314 (31 December 2022: AED nil). No impairment loss on property and equipment was recognised during the period.

6 Intangible assets

Intangible assets comprise of computer software, licenses and development costs.

During the nine months ended 30 September 2023, the Group purchased AED 1,055,907 (31 December 2022: AED 1,034,827) of intangible assets. Amortisation expense during the period amounted to AED 580,688 (31 December 2022: AED 508,234). No impairment loss on intangible assets was recognised during the period.

7 Refundable deposits

Refundable deposits are placed with a bank against performance guarantees issued to customers.

8 Contract assets

Contract assets balances relate to the Group's right on consideration for goods and services provided but not billed at the reporting date. Contract assets are recognised for any work performed in line with a series of performance related milestones under software development, installation and support service contracts in excess of amounts billed to the customer.

Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. Payments that are not due from the customer until the services are complete and therefore a contract asset is recognised over the period in which the services are performed to represent the entity's right to consideration for the services transferred to date. All the contract assets are expected to be realized within one year hence classified under current assets.

Carrying amount of contract assets is as follows:

	30 September 2023 AED (unaudited)	31 December 2022 AED (audited)
Contract assets	575,661,662	291,219,361
Less: expected credit loss allowance	(18,765,672)	(18,949,816)
	556,895,990	272,269,545

**Notes to the condensed consolidated interim financial information
for the nine months ended 30 September 2023 (continued)**

8 Contract assets (continued)

Net contract assets of AED 556,845,263 (31 December 2022: AED 270,162,281) pertain to related parties (note 11).

Contract assets include AED 208,613,058 which represent revenue recognised based on letter of award signed with customers for which contracts had not been signed as at 30 September 2023 (31 December 2022: AED 88,458,724). This is a standard industry practice while engaging with government industry clients.

Loss allowance on contract assets movement is as follows:

	Government entities AED	Non- government entities AED	Specific provision AED	Total AED
At 1 January 2023 (audited)	6,547,025	315,034	12,087,757	18,949,816
Net re-measurement of ECL	(109,985)	(74,159)	-	(184,144)
At 30 September 2023 (unaudited)	6,437,040	240,875	12,087,757	18,765,672

	Government entities AED	Non- government entities AED	Specific provision AED	Total AED
At 1 January 2022 (audited)	-	-	-	-
Net re-measurement of ECL	1,576,183	1,010,263	496,639	3,083,085
At 30 September 2022 (unaudited)	1,576,183	1,010,263	496,639	3,083,085

The following table details the risk profile of amounts due from customers based on the Group's provision matrix. The Group is applying different loss patterns for government and non-government customer segments. The loss rate is further distinguished based on the ageing of contract assets.

	Government entities %	Non-government entities %
Rates applied with due less than 1 year	0.61	0.76
Rates applied with due more than 1 year	5	-

**Notes to the condensed consolidated interim financial information
for the nine months ended 30 September 2023 (continued)**

9 Contract costs

	30 September 2023 AED (unaudited)	31 December 2022 AED (audited)
Contract costs	5,105,992	539,650

Contract costs represent costs incurred relating to performance obligation on contracts with customers. The revenue related to these performance obligations will be recognised upon completion and acceptance from customers.

10 Trade and other receivables

	30 September 2023 AED (unaudited)	31 December 2022 AED (audited)
Trade receivables	6,242,546	1,912,208
Less: expected credit loss allowance	(1,506,293)	(1,912,208)
	4,736,253	-
Advance to suppliers	8,162,909	42,466
Accrued profits on Wakala deposits/interest receivable	1,508,371	3,525,818
Prepayments	1,303,039	-
VAT receivable	718,057	-
Security deposits	375,250	-
Other receivables	5,285,292	31,208
	22,089,171	3,599,492

The average credit period on sales of goods is 30 days (31 December 2022: 30 days). No interest is charged on outstanding trade receivables.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The ECL on trade receivables are estimated using a loss rate, with reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group has adopted a policy of dealing with only creditworthy counterparties. Adequate credit assessment is made before accepting an order for sale of services or goods from counterparty.

The ECL of AED 1,477,224 is recorded for a customer which the Group has assessed to be fully impaired (31 December 2022: AED 1,912,208).

**Notes to the condensed consolidated interim financial information
for the nine months ended 30 September 2023 (continued)**

10 Trade and other receivables (continued)

Loss allowance on trade receivables movement is as follows:

	Less than 1 year AED	More than 1 year AED	Total AED
At 1 January 2023 (audited)	-	1,912,208	1,912,208
Net re-measurement of ECL	29,069	(434,984)	(405,915)
At 30 September 2023 (unaudited)	29,069	1,477,224	1,506,293
At 1 January 2022 (audited)	-	-	-
Net re-measurement of ECL	-	1,912,208	1,912,208
At 30 September 2022 (unaudited)	-	1,912,208	1,912,208

11 Related party balances and transactions

The Group, in the ordinary course of business, enters into transactions, at agreed terms and conditions, with related parties. Related parties comprise of the Group's shareholders, directors, senior management and businesses controlled by them and their families or over which they exercise significant management influence as well as key management personnel. The Group, in the ordinary course of business, enters into transactions, with other business enterprises or individuals that fall within the definition of related parties contained in International Accounting Standard 24: *Related Party Disclosures*.

The Group has a related party relationship with the Government of Abu Dhabi through partial ownership of Ultimate Shareholder by an entity owned by Government of Abu Dhabi, directors and executive officers (including business entities over which they can exercise significant influence, or which can exercise significant influence over the Group).

The Group maintains significant balances with these related parties, which arise from commercial transactions.

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

**Notes to the condensed consolidated interim financial information
for the nine months ended 30 September 2023 (continued)**

11 Related party balances and transactions (continued)

(i) Balances with related parties disclosed in the condensed consolidated statement of financial position includes the following:

	30 September 2023 AED (unaudited)	31 December 2022 AED (audited)
Due from related parties		
Government entities	174,973,633	147,076,094
Entities under common control	35,824,960	218,357,165
	210,798,593	365,433,259
Less: expected credit loss allowance	(17,323,476)	(17,162,703)
	193,475,117	348,270,556
Due to related parties		
Government entities	9,777,215	10,212,200
Entities under common control	45,470,301	24,057,993
	55,247,516	34,270,193
Loans from related parties		
Entities under common control (a)	-	36,725,000
A shareholder (b)	-	20,566,000
Interest payable (a), (b)	-	1,792,414
	-	59,083,414

Refer to note 12 for details of the Group's cash held with the banks which are related parties. Refer to notes 8, 10, and 15 for details of balances with related parties.

The following table shows the movement in lifetime ECL that has been recognised for due from related parties in accordance with the simplified approach set out in IFRS 9.

	Collectively assessed AED	Individually assessed AED	Total AED
At 1 January 2023 (audited)	3,287,986	13,874,717	17,162,703
Net re-measurement of ECL	160,773	-	160,773
At 30 September 2023 (unaudited)	3,448,759	13,874,717	17,323,476

**Notes to the condensed consolidated interim financial information
for the nine months ended 30 September 2023 (continued)**

11 Related party balances and transactions (continued)

	Collectively assessed AED	Individually assessed AED	Total AED
At 1 January 2022 (audited)	-	-	-
Net re-measurement of ECL	1,764,661	2,100,000	3,864,661
At 30 September 2022 (unaudited)	1,764,661	2,100,000	3,864,661

The following table details the risk profile of amounts due from customers based on the Group's provision matrix. The Group is applying different loss patterns for government and non-government customer segments. The loss rate is further distinguished based on the ageing of due from related parties.

	Government entities %	Non-government entities %
Rates applied with due less than 1 year	0.61	-
Rates applied with due more than 1 year	5	-

The following table shows the movement of loans from related parties:

	2023 AED	2022 AED
At 1 January (audited)	59,083,414	53,789,625
Proceeds during the period	-	40,213,875
Repayments during the period	(8,580,939)	-
Interest accrued during the period	126,997	1,768,757
Interest paid during the period	(131,575)	-
Set-off with due from related parties (a), (b)	(49,551,207)	(37,692,759)
Waiver of related party interest payable (a)	(946,690)	-
At 30 September (unaudited)	-	58,079,498

- a) During the period ended 30 September 2023, the Group has entered into a settlement agreement with the borrower (an entity under common control) to offset the loan facility outstanding amount of AED 36,725,000 against a receivable balance due from another entity under common control (a related party). Interest accrued on the loan facility amounting to AED 946,690 has been waived under the same settlement agreement.
- b) During the period ended 30 September 2023, the Group has entered into another settlement agreement with the borrower (a shareholder) to partially offset the loan facility balance amounting to AED 11,985,061 and the interest accrued of AED 841,146 against a receivable balance due from another entity under common control (a related party).

**Notes to the condensed consolidated interim financial information
for the nine months ended 30 September 2023 (continued)**

11 Related party balances and transactions (continued)

(ii) Transaction with related parties included in the condensed consolidated financial information includes the following:

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2023	2022	2023	2022
	AED	AED	AED	AED
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue (note 16)	277,673,856	262,274,021	506,308,415	490,554,988
Purchase of services and materials	3,209,482	1,656,297	13,892,724	3,911,212
Acquisition of intangible assets	50,000	-	180,000	-
Insurance costs	381,149	-	1,287,526	-
Bank charges incurred on behalf of a related party	217,249	-	651,746	-

Compensation of key management personnel is as follows:

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2023	2022	2023	2022
	AED	AED	AED	AED
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Short term benefits	2,397,511	2,089,043	10,662,997	6,886,283
Long term benefits	211,045	180,794	573,757	442,640

**Notes to the condensed consolidated interim financial information
for the nine months ended 30 September 2023 (continued)**

12 Cash and bank balances

Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise the following condensed consolidated statement of financial position amounts:

	30 September 2023 AED (unaudited)	31 December 2022 AED (audited)
Cash on hand	10,000	10,000
Bank balances	32,689,161	38,853,772
Bank deposits with original maturities less than three months	-	280,655,148
Wakala deposits	548,434,652	-
Cash and cash equivalents	581,133,813	319,518,920
Add: term deposits with original maturities more than three months	-	500,000,000
Cash and bank balances	581,133,813	819,518,920

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the UAE. Accordingly, management of the Group estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month ECL. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank, the management of the Group have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

Bank deposits have matured as at 30 September 2023. Finance income earned for the nine months ended 30 September 2023 amounted to AED 13,085,741 (30 September 2022: AED nil).

Wakala deposits have maturities of 2 weeks to 3 months (31 December 2022: nil) from the date of placement and carry profit rates ranging on average from 4.5% to 5% (31 December 2022: nil). Deposits are placed on recurring basis and can be terminated anytime without prior notice and with a deduction of Wakala fee and a performance incentive from the actual realised investment profit. Income on Wakala deposits for the nine months ended 30 September 2023 amounted to AED 9,037,718 (30 September 2022: AED nil).

Cash at bank of AED 581,123,813 (31 December 2022: AED 819,508,920) pertains to banks which are related parties (note 11).

Bank account under the name of a related party amounting to AED 45,501 (31 December 2022: AED 79,265) has been assigned for the beneficial interest of the Group.

**Notes to the condensed consolidated interim financial information
for the nine months ended 30 September 2023 (continued)**

13 Share capital

	30 September 2023 AED (unaudited)	31 December 2022 AED (audited)
<i>Issued and fully paid:</i>		
2,571,428,572 shares of AED 0.10 each (31 December 2022: 2,571,428,572 shares of AED 0.10 each)	257,142,857	257,142,857

On 13 October 2022, pursuant to the public offering, the share capital of the Company was increased to AED 257,142,857 divided into 2,571,428,572 shares of AED 0.1 each, with 571,428,572 shares being offered for public subscription. The Company's offer price was set at AED 1.1 per share and was fully subscribed, resulting into share premium of AED 571,428,572. Share issue costs amounted to AED 4,620,400.

14 Additional capital

On 14 September 2021, Ultimate Shareholder resolved to increase the share capital of the subsidiary by AED 197,000,000 by a transfer from retained earnings and reduced the par value per share from AED 1,000 to AED 1. The amended articles of association of the Company were notarized by the Notary Public on 10 January 2022, thus the additional contributed capital is subsequently transferred to share capital.

15 Trade and other payables

	30 September 2023 AED (unaudited)	31 December 2022 AED (audited)
Trade and other payables	15,814,887	5,257,621
Accrued expenses	227,457,588	278,867,319
Contract liabilities	7,570,921	18,983,468
VAT payable	-	7,728,092
Retention payable	160,874	-
	251,004,270	310,836,500

The average credit period on the purchase of goods is 30-60 days (31 December 2022: 30-60 days). The Group has financial risk management policies in place to ensure that all payables are paid within credit period. No interest is charged on other payables.

Contract liabilities of AED 515,619 (31 December 2022: AED 9,664,384) pertain to related parties (note 11).

**Notes to the condensed consolidated interim financial information
for the nine months ended 30 September 2023 (continued)**

16 Revenue

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time. Refer to note 20 for revenue for major product lines.

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2023	2022	2023	2022
	AED	AED	AED	AED
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue from contracts with customers				
Products and services transferred at point in time	10,714,341	1,965,557	26,300,451	23,577,738
Products and services transferred over time	269,042,936	256,803,723	485,010,130	466,977,250
	279,757,277	258,769,280	511,310,581	490,554,988

Revenue for the nine months ended 30 September 2023 amounting to AED 506,308,415 (30 September 2022: AED 490,554,988) pertains to related parties (note 11).

The Group derived all of its revenue for the nine months ended 30 September 2023 from its operation in the UAE (30 September 2022: UAE).

The transaction price allocated to (partially) unsatisfied performance obligations at 30 September are as setout below:

	2023	2022
	AED	AED
Revenue from contracts with customers	2,147,313,381	1,041,711,618

Management expects that 17% (30 September 2022: 28%) of the transaction price allocated to the unsatisfied performance obligations as at 30 September 2023 will be recognised as revenue till the end of the year. The remaining 83% (30 September 2022: 72%) will be recognised in the future years. Average duration of the unsatisfied performance obligations as at 30 September 2023 is 4 years (30 September 2022: 2 years).

**Notes to the condensed consolidated interim financial information
for the nine months ended 30 September 2023 (continued)**

17 Contingent liabilities

The Group has the following contingent liabilities and commitments outstanding at:

	30 September 2023 AED (unaudited)	31 December 2022 AED (audited)
Performance guarantees (a)	422,348,820	284,733,471
Contracted capital expenditure commitments (b)	220,116,036	-

(a) Performance guarantees were issued in the normal course of business.

(b) Contracted capital commitments are related to low earth orbit (LEO) and high-altitude pseudo satellites (HAPS) assets which are under construction.

18 Financial instruments

All financial assets and liabilities are measured at amortised cost and the carrying values approximate to the fair value.

19 Earnings per share

The following reflects the calculation of weighted average number of shares for the purposes of basic earnings per share:

	2023 Shares	2022 Shares
As at 1 January (audited)	2,571,428,572	3,000
Capitalisation of retained earnings (refer note 14)	-	199,997,000
Share split	-	1,800,000,000
As at 30 September (unaudited)	2,571,428,572	2,000,000,000

According to IAS 33, Earnings per share, an increase in shares as a result of capitalisation and share split, the calculation of basic earnings per share for all periods should be adjusted retrospectively. Thus, the Company adjusted the capitalisation and share split at the beginning of the earliest period presented.

**Notes to the condensed consolidated interim financial information
for the nine months ended 30 September 2023 (continued)**

19 Earnings per share (continued)

Basic earnings per share amounts are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

The following reflects the profit and share data used in to calculate earnings per share:

	Three-month period ended 30 September 2023		Nine-month period ended 30 September 2023	
	(unaudited)	2022 (unaudited)	(unaudited)	2022 (unaudited)
Profit attributable to the shareholders of the Company (AED)	33,783,009	39,664,692	107,761,150	146,925,636
Weighted average number of ordinary shares issued	2,571,428,572	2,000,000,000	2,571,428,572	2,000,000,000
Basic earnings per share (AED)	0.01	0.02	0.04	0.07

Diluted earnings per share are not applicable as the Company has not issued any instruments which would have an impact on earnings per share.

20 Operating segments

The Group has four reportable segments, as described below. Reportable segments offer different products and services and are managed separately because they require different technology and operational marketing strategies. For each of the strategic business units, the Group's executive management reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segment:

- **Smart Geospatial Solutions (SGS):** The SGS division is a geospatial one-stop shop offering end-to-end services from data acquisition and processing to artificial intelligence services, to a growing number of sectors such as defense, environment, energy & resources, smart cities, and transportation.
- **Smart Mobility Solutions (SMOS):** The SMOS division is the pioneer of autonomous driving and unmanned systems in MENA with a proven technological capability and know-how including Autonomous Solutions, Cloud Infra, Digital Twins, Charging Infrastructure, Transportation Super Apps, and Testing and Simulation.
- **Smart Operations Solutions (SOPs):** The SOP division is driving the revolution in how entities approach their operations, by providing customers the latest AI-powered innovative technological solutions which deliver both superior efficiency and efficacy.
- **Smart Space Solutions (SPAS):** The SPAS division is a vertical AI-powered information solutions provider, utilizing space-based platforms across Remote Sensing, and Communication to deliver timely, actionable insights to various industries.

**Notes to the condensed consolidated interim financial information
for the nine months ended 30 September 2023 (continued)**

20 Operating segments (continued)

The Group does not allocate segment results of the holding Company that performs financing activities and certain other functions and of newly incorporated subsidiaries. Results of the Company and these subsidiaries are not significant to be disclosed as operating segment because quantitative thresholds are not met and are presented as *Other*.

	SGS AED	SMOS AED	SOPs AED	SPAS AED	Other AED	Total AED
Nine-month period ended 30 September 2023 (unaudited)						
Revenue	60,889,300	38,848,314	234,404,468	177,168,499	-	511,310,581
Direct cost	(47,578,660)	(33,148,832)	(199,803,528)	(32,318,342)	(290,059)	(313,139,421)
Gross profit	13,310,640	5,699,482	34,600,940	144,850,157	(290,059)	198,171,160
Indirect costs (net)	(16,175,285)	(6,057,260)	(35,144,778)	(50,658,745)	17,626,058	(90,410,010)
Reportable segment profit/(loss)	(2,864,645)	(357,778)	(543,838)	94,191,412	17,335,999	107,761,150
Nine-month period ended 30 September 2022 (unaudited)						
Revenue	241,503,444	69,575,512	179,476,032	-	-	490,554,988
Direct cost	(75,865,108)	(42,069,856)	(146,727,418)	-	-	(264,662,382)
Gross profit	165,638,336	27,505,656	32,748,614	-	-	225,892,606
Indirect costs (net)	(48,332,474)	(8,416,064)	(22,218,432)	-	-	(78,966,970)
Reportable segment profit	117,305,862	19,089,592	10,530,182	-	-	146,925,636

**Notes to the condensed consolidated interim financial information
for the nine months ended 30 September 2023 (continued)**

20 Operating segments (continued)

	SGS AED	SMOS AED	SOPs AED	SPAS AED	Other AED	Total AED
Three-month period ended 30 September 2023 (unaudited)						
Revenue	38,268,416	9,124,119	223,282,850	9,081,892	-	279,757,277
Direct cost	(24,940,812)	(4,879,895)	(179,594,727)	(3,444,603)	(290,059)	(213,150,096)
Gross profit	13,327,604	4,244,224	43,688,123	5,637,289	(290,059)	66,607,181
Indirect costs (net)	(6,925,340)	(984,653)	(28,657,112)	(1,008,298)	4,751,231	(32,824,172)
Reportable segment profit	6,402,264	3,259,571	15,031,011	4,628,991	4,461,172	33,783,009
Three-month period ended 30 September 2022 (unaudited)						
Revenue	49,765,723	69,575,512	139,428,045	-	-	258,769,280
Direct cost	(22,409,415)	(42,069,856)	(125,796,134)	-	-	(190,275,405)
Gross profit	27,356,308	27,505,656	13,631,911	-	-	68,493,875
Indirect costs (net)	(9,758,076)	(8,416,064)	(10,655,043)	-	-	(28,829,183)
Reportable segment profit	17,598,232	19,089,592	2,976,868	-	-	39,664,692

**Notes to the condensed consolidated interim financial information
for the nine months ended 30 September 2023 (continued)**

21 Investment in associate

Details of the Group's associate are as follows:

Associate	Place of incorporation and operations	Percentage of ownership		Principal activities
		30 September 2023	31 December 2022	
Sindan-Additive Manufacturing Center of Excellence L.L.C (1)	Abu Dhabi, UAE	25%	-	Building engineering consultancy with 3D Printing Technology, decoration design & implementation using 3D Printing Technology, exporting and importing.

- (1) Sindan-Additive Manufacturing Center of Excellence (the "Associate") has been incorporated on 15 June 2023 under trade licence CN-4941831 as a Limited Liability Copmany in Abu Dhabi, UAE. The Group has 25% ownership in the Associate. As at 30 September 2023, the Group has not contributed to its percentage of ownership in the share capital.

22 Seasonality of results

No income of a seasonal nature was recorded in the condensed consolidated statement of profit or loss for the nine months ended 30 September 2023 and 30 September 2022.

23 Corporate income tax

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023.

The Cabinet of Ministers Decision No. 116 of 2022 specifies the threshold of income over which the 9% tax rate would apply and accordingly, the Law is now considered to be substantively enacted. A rate of 9% will apply to taxable income exceeding AED 375,000, a rate of 0% will apply to taxable income not exceeding AED 375,000 and a rate of 0% on qualifying income of free zone entities.

The Group has conducted an assessment of the potential impact of these laws and regulations. Based on this assessment, the Group has determined that no deferred tax implications to be considered in the preparation of this condensed consolidated interim financial information.

24 Comparative figures

Certain comparative figures were reclassified to conform with the current year's presentation. Such reclassifications have no effect on the results or the equity of the Group.

**Notes to the condensed consolidated interim financial information
for the nine months ended 30 September 2023 (continued)**

25 Approval of condensed consolidated interim financial information

The condensed consolidated interim financial information was approved by management and authorised for issue by the Board of Directors on 7 November 2023.